

Washington, DC — Yesterday Congressman Joe Sestak (D-PA) continued to make education a priority by voting to make college more affordable to more students when he voted for the College Cost Reduction Act of 2007. This bill will make the single largest investment in college financial aid since the 1944 GI Bill, helping millions of students and families pay for college – and doing so at no new cost to U.S. taxpayers. Additionally, Joe voted against a Republican substitute amendment that would have gutted the bill by eliminating the reduction of interest rates for federal student loans from 6.8% to 3.4% over next five years; loan forgiveness to students committed to becoming first responders; law enforcement officers, firefighters, nurses, early childhood educators, and other professions that serve important roles in our communities; tuition assistance to students teaching in public schools in high-poverty communities and new, historic investments in Historically Black Colleges and Universities and other Minority Serving Institutions. In Congress, Congressman Sestak is a member of the Education and Labor Committee, where he has advocates for a high quality education for all students. — “Education and economic growth are two pillars of our national security. One important goal of mine in Congress has been to make it easier for students to get a college education and this bill will help with that,” said Congressman Sestak. “This bill will provide Pennsylvanian students with an additional \$749,000,000 in Pell Grants and student loans over the next five years.”

The legislation will increase college financial aid by about \$18 billion over the next five years. It pays for itself by reducing excessive federal subsidies paid to lenders in the college loan industry by \$19 billion. It also includes nearly \$1 billion in federal budget deficit reduction. The Senate is expected to vote on similar legislation this month.

This bill will increase the maximum value of the Pell Grant scholarship by \$500 over the next five years. When combined with other Pell scholarship increases passed or proposed by Congress this year, the maximum Pell Grant would reach \$4,900 in 2008 and \$5,200 in 2011, up from \$4,050 in 2006, thus restoring the Pell’s purchasing power. About 6 million low- and moderate-income students would benefit.

Moreover, this will cut interest rates in half on need-based student loans, reducing the cost of those loans for millions of student borrowers. The College Cost Reduction Act would cut interest rates from 6.8 percent to 3.4 percent in equal steps over the next five years. Once fully phased-in, this would save the typical student borrower – with \$13,800 in need-based student loan debt – \$4,400 over the life of the loan. About 6.8 million students take out need-based loans each year.

The legislation would also prevent student borrowers from facing unmanageable levels of federal student debt by guaranteeing that borrowers will never have to spend more than 15 percent of their yearly discretionary income on loan repayments and by allowing borrowers in economic hardship to have their loans forgiven after 20 years.

The College Cost Reduction Act includes a number of other provisions that would ease the financial burden imposed on students and families by the cost of college, including:

- o Tuition assistance for excellent undergraduate students who agree to teach in the nation's public schools;
- o Loan forgiveness for college graduates that go into public service professions;
- o Increased federal loan limits so that students won't have to rely as heavily on costlier private loans;
- o New tuition cost containment strategies; and
- o Landmark investments in Historically Black Colleges and Universities, Hispanic Serving Institutions and minority serving institutions.

The new provisions described above will be paid for in full by reducing redundant federal lender subsidies, while re-investing the vast majority of those funds directly for financial aid to students and families, who have been increasingly burdened by the skyrocketing cost of college tuition. The legislation achieves this objective by cutting lenders' special allowance payments, reducing the share of collection fees for student loan guarantee agencies, and eliminating an "exceptional performer" incentive program for lenders. College aid programs have been under increased scrutiny as improper relationships and conflicts of interest between school financial aid officers and lenders have been revealed.

President Franklin Roosevelt signed the GI Bill into law in 1944. The original law enabled 7.8 million veterans of the Second World War to participate in education or job training programs. A broad coalition of student advocacy groups and labor organizations support the College Cost Reduction Act.

Additionally, Congressman Sestak has held two education summits and a Congressional Field Hearing on No Child Left. As a result of the discussion during the first summit, Congressman Sestak worked to incorporate parental involvement in local Head Start policy councils and to extend the eligibility of Head Start families into the Improving Head Start Act. Rep. Sestak also successfully passed an amendment he introduced to the bill which will provide up to \$10,000 in

loan forgiveness for Head Start teachers. The second education summit explored the challenges facing our Higher Education system and Advanced Training programs.

He has also organized several Economic Development Summits that brought together several hundred stakeholders from across the District to participate in discussions to address the key issues facing workforce development, access to capital, business development and growth, community economic development, and economic development strategies.

Born and raised in Delaware County, former 3-star Admiral Joe Sestak served in the Navy for 31 years and now serves as the Representative from the 7th District of Pennsylvania. He led a series of operational commands at sea, including Commander of an aircraft carrier battle group of 30 U.S. and allied ships with over 15,000 sailors and 100 aircraft that conducted operations in Afghanistan and Iraq. After 9/11, Joe was the first Director of "Deep Blue," the Navy's anti-terrorism unit that established strategic and operations policies for the "Global War on Terrorism." He served as President Clinton's Director for Defense Policy at the National Security Council in the White House, and holds a Ph.D. in Political Economy and Government from Harvard University. According to the office of the House Historian, Joe is the highest-ranking former military officer ever elected to the U.S. House of Representatives.